

IOI Properties Group (IOIPG MK)

1QFY26: In Line; IOICB To Turn Profitable In 2QFY26

Highlights

- 1QFY26 results were within expectation, with core PATAMI reaching RM162m (+54% qoq; +117% yoy).
- 1QFY26's property launches of RM911m were driven by Industrial Park Banting, while sales of RM474m accounted for 24% of its full-year sales target.
- Maintain BUY with an unchanged target price at RM2.72 while we raise FY26-28 earnings forecasts by 1-4% to reflect the completion of 51% stake acquisition in South Beach Development.

1QFY26 Results

Year to 30 Jun (RMm)	1QFY26 (RMm)	4QFY24 (RMm)	1QFY25 (RMm)	qoq % chg	yoy % chg
Revenue	968.7	890.2	687.9	8.8	40.8
- PD	519.3	526.0	354.4	(1.3)	46.5
- PI	287.2	241.8	218.7	18.8	31.3
- L&H	159.0	117.7	110.7	35.1	43.6
- Others	3.2	4.7	4.1	(31.0)	(20.2)
EBIT	818.2	1,040.9	221.5	(21.4)	269.3
- PD	155.0	152.5	75.3	1.6	105.8
- PI	149.7	68.4	133.4	119.0	12.2
- L&H	4.3	(0.9)	6.0	(561.9)	(28.1)
- Others	6.5	11.5	6.8	(43.9)	(5.4)
PBT	753.6	1,023.5	133.7	(26.4)	463.7
PAT	664.3	823.9	69.2	(19.4)	860.4
Core PATAMI	162.3	105.5	74.7	53.8	117.3
Margin (%)	%	%	%	ppt	ppt
Core PATAMI margin (%)	16.8	11.9	10.9	4.9	5.9

Source: IOIPG, UOB Kay Hian

Analysis

- In line.** IOI Properties Group (IOIPG) reported 1QFY26 core PATAMI of RM162m (+54% qoq, +117% yoy) on revenue of RM969m (+9% qoq, +41% yoy). The results accounted for 24%/26% of our/consensus forecasts respectively, in line with our expectation. We derive our 1QFY26 core PATAMI after excluding a remeasurement gain of RM502m after the acquisition of the remaining stake in South Beach was completed on 1 Sep 25.
- Net gearing increased to 0.95x (from 0.7x)** as of end-1QFY26 following the completion of the stake acquisition in South Beach.

Key Financials

Year to 30 Jun (RMm)	FY24	FY25	FY26F	FY27F	FY28F
Net turnover	2,939.7	3,062.2	4,156.5	4,393.6	4,442.3
EBITDA	2,334.2	1,847.1	1,541.1	1,707.9	1,809.4
Operating profit	2,224.2	1,724.5	1,418.6	1,542.5	1,608.3
Net profit (rep./act.)	2,061.8	1,064.0	689.2	804.4	855.2
Net profit (adj.)	698.1	386.9	689.2	804.4	855.2
EPS (sen)	12.7	7.0	12.5	14.6	15.5
PE (x)	17.4	31.5	17.7	15.1	14.2
P/B (x)	0.5	0.5	0.5	0.5	0.5
EV/EBITDA (x)	12.4	15.8	21.7	19.7	18.5
Dividend yield (%)	2.3	3.6	3.6	3.6	3.6
Net margin (%)	23.7	12.6	16.6	18.3	19.3
Net debt/(cash) to equity (%)	69.4	69.5	85.8	85.4	83.5
Interest cover (x)	117.4	4.1	2.8	2.8	3.0
ROE (%)	2.9	1.6	2.8	3.2	3.4
Consensus net profit	-	-	624.5	732.6	869.8
UOBKH/Consensus (x)	-	-	1.1	1.1	1.0

Source: IOIPG, Bloomberg, UOB Kay Hian

BUY (Maintained)

Share Price	RM2.21
Target Price	RM2.72
Upside	23.1%

Analyst(s)

Ng Jo Yee

joyee@uobkayhian.com

+603 2147 1984

Stock Data

GICS sector	Real Estate
Bloomberg ticker:	IOIPG MK
Shares issued (m):	5,506.1
Market cap (RMm):	12,168.6
Market cap (US\$m):	2,939.6
3-mth avg daily t'over (US\$m):	2.5

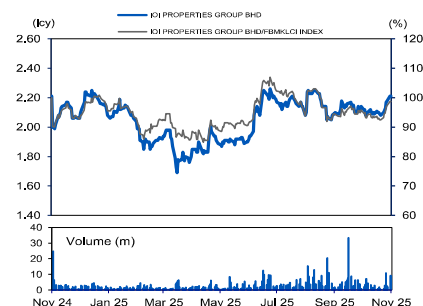
Price Performance (%)

52-week high/low				RM2.29/RM1.63
1mth	3mth	6mth	1yr	YTD
3.3	3.3	16.9	0.0	(1.3)

Major Shareholders

	%
Vertical Capacity	65.7
Employees Provident Fund	5.5
FY26 NAV/Share (RM)	4.47
FY26 Net Debt/Share (RM)	3.11

Price Chart



Source: Bloomberg

Company Description

A property developer with a business portfolio encompassing leisure and hospitality, in addition to property development and property investment.

- **Solid start to FY26, launches driven by industrial demand.** IOIPG accelerated launches in 1QFY26 (+61% yoy to RM911m), with IOI Industrial Park Banting accounting for 63% of its total launches. 1QFY25 sales grew to RM474m (+43% yoy), on track to meeting its RM2b full-year target (excluding Marina View), with Klang Valley contributing 51% and Johor accounting for 30%. Although Kulai Industrial Park only recorded RM7m of sales in 1QFY26, management highlighted strong interest following its land expansion. In Singapore, Marina View recorded a soft take-up with four units sold (around \$S20m) and six bookings out of the 100 units launched in Oct 25 with starting prices of \$S3,230psf. The latest transaction, a \$S11m sale for a 2,800sf unit in Nov 25 was to a Singaporean buyer.
- **IOI Central Boulevard Towers (IOICB) to move into the black in 2QFY26.** In 1QFY26, property investment revenue grew to RM287m (+31% yoy) due to: a) higher occupancies at IOICB, IOI City Mall and IOI Mall Puchong, and b) one month's contribution from newly acquired South Beach and a full quarter's contribution from IOI Mall Damansara. Consequently, operating profit grew to RM150m (+12% yoy). In Singapore, IOICB actual/committed occupancy rate reached 70%/95% respectively as of end-Oct 25 (from 60%/88% at end-Jul 25), ahead of the earlier guided end-25 timeline. IOICB is currently at breakeven level at a 70% actual occupancy and a 2.65% interest rate (vs the earlier breakeven assumption of 85% at 4.8%), and management expects it to turn profitable in 2QFY26.
- **Hospitality and leisure segment turned profitable.** In 1QFY26, revenue of the hospitality and leisure segment grew to RM159m (+35% qoq; +44% yoy), while operations turned profitable qoq to RM4m (vs -RM1m in 4QFY25), supported by higher occupancy rates. At South Beach, JW Marriott achieved a higher average room rate of \$S483 (vs \$S460 before the acquisition), with a stable 75% occupancy rate. We expect JW Marriott to gradually achieve management's targeted average room rate of \$S600 by targeting more retail or rack-rate bookings.

Valuation/Recommendation

- **Maintain BUY with unchanged target price of RM2.72**, based on a 45% discount to RNAV, which implies 0.6x FY26F P/B (+1SD to 10-year mean: 0.5x) and 22.5x FY26F PE. IOIPG is well-positioned to capitalise on the falling interest rates in Singapore, given its high gearing level after the stake acquisition in the South Beach Development. The group also has two REIT listings underway (in Malaysia and Singapore), which will help improve its balance sheet over time. We expect the Malaysia REIT listing, which is expected by Jun 26, to lead the valuation improvement through: a) lower gearing from cash proceeds and potential RPTG-related deferred tax reversals, and b) higher-quality recurring earnings from the REIT structure.

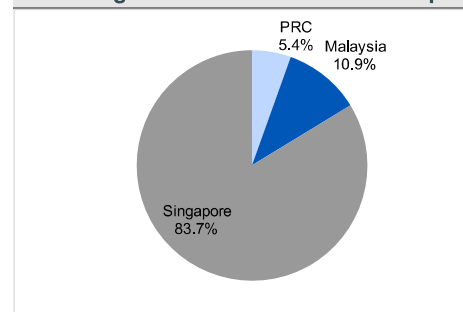
Earnings Revision/Risk

- We increased our FY26-28 earnings by 1-4% after adjusting for the completion of the South Beach stake acquisition.

Environmental, Social, Governance (ESG)

- **Environment:** Targets to reduce Scope 2 emissions intensity within the property investment operations by 15% by 2025 and 18% by 2028, using FY2021 as the baseline.
- **Social:** Committed to promoting local procurement within its supply chain.
- **Governance:** Achieved 33% of women representation among the Board of Directors.

Borrowings Position Mix As Of End-Sep 25



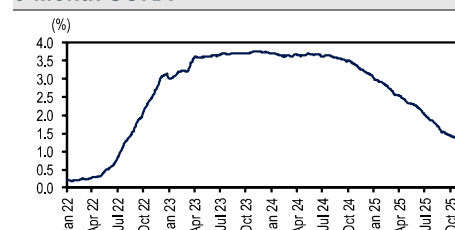
Source: IOIPG, UOB Kay Hian

One-year Forward P/B Band



Source: IOIPG, UOB Kay Hian

3-Month SORA



Source: IOIPG, UOB Kay Hian

RNAV Target Price Of RM2.72/Share

NPV of Development Profits (RMm)	
Malaysia	
Central Region	1,655
Southern Region	501
Singapore	
Marina View	463
JV projects	122
China	
IOI Palm	40
Total	2,781
Shareholders' Funds	24,429
RNAV	27,210
Existing Sharebase	5,506
RNAV/share (RM)	4.94
Discount	45%
Target Price (RM/share)	2.72

Source: IOIPG, UOB Kay Hian

Profit & Loss

Year to 30 Jun (RMm)	FY25	FY26F	FY27F	FY28F
Net turnover	3,062.2	4,156.5	4,393.6	4,442.3
EBITDA	1,847.1	1,541.1	1,707.9	1,809.4
Deprec. & amort.	122.5	122.5	165.4	201.1
EBIT	1,724.5	1,418.6	1,542.5	1,608.3
Associate contributions	109.1	114.6	114.6	114.6
Net interest income/(expense)	(379.2)	(467.7)	(489.1)	(478.0)
Pre-tax profit	1,454.4	1,065.5	1,168.0	1,244.9
Tax	(385.0)	(370.8)	(358.2)	(384.3)
Minorities	(5.4)	(5.4)	(5.4)	(5.4)
Net profit	1,064.0	689.2	804.4	855.2
Net profit (adj.)	386.9	689.2	804.4	855.2

Balance Sheet

Year to 30 Jun (RMm)	FY25	FY26F	FY27F	FY28F
Fixed assets	10,083.6	12,440.1	12,474.7	12,473.7
Other LT assets	26,032.4	28,526.1	28,740.7	28,955.3
Cash/ST investment	2,485.6	3,617.4	3,196.5	3,133.0
Other current assets	8,313.8	7,749.2	8,174.7	8,262.0
Total assets	46,915.3	52,332.8	52,586.6	52,824.0
ST debt	2,663.4	2,663.4	2,663.4	2,663.4
Other current liabilities	1,831.2	1,615.4	1,699.8	1,717.2
LT debt	16,926.3	22,305.4	22,105.4	21,905.4
Other LT liabilities	972.4	972.4	972.4	972.4
Shareholders' equity	24,428.8	24,677.5	25,041.5	25,456.2
Minority interest	93.3	98.7	104.1	109.5
Total liabilities & equity	46,915.3	52,332.8	52,586.6	52,824.0

Cash Flow

Year to 30 Jun (RMm)	FY25	FY26F	FY27F	FY28F
Operating Cashflows	1,060.1	1,051.4	519.6	877.0
Pre-tax Profit	1,454.4	1,065.5	1,168.0	1,244.9
Tax	(385.0)	(370.8)	(358.2)	(384.3)
Deprec. & amort.	122.5	122.5	165.4	201.1
Associates	109.1	114.6	114.6	114.6
Working Capital Changes	126.6	348.8	(341.0)	(70.0)
Others	(367.6)	(229.2)	(229.2)	(229.2)
Cash from Investing Activities	(833.3)	(2,479.1)	(200.0)	(200.0)
Capex (Growth)	(1,236.6)	(2,479.1)	(200.0)	(200.0)
Capex (maintenance)	0.0	0.0	0.0	0.0
Others	403.4	0.0	0.0	0.0
Cash from Financing Activities	85.7	2,559.5	(740.5)	(740.5)
Dividend Payments	(440.5)	(440.5)	(440.5)	(440.5)
Issue of Shares	0.0	0.0	0.0	0.0
Net drawdown/(repayment) of Borrowings	1,274.6	3,000.0	(300.0)	(300.0)
Others	(748.3)	0.0	0.0	0.0
Net Increase/(Decrease) in Cash	312.6	1,131.8	(420.9)	(63.5)
Beginning Cash	2,223.6	2,485.6	3,617.4	3,196.5
Changes Due to Forex Impact	(50.6)	0.0	0.0	0.0
End Cash	2,485.6	3,617.4	3,196.5	3,133.0

Key Metrics

Year to 30 Jun (%)	FY25	FY26F	FY27F	FY28F
Profitability				
EBITDA margin	60.3	37.1	38.9	40.7
Pre-tax margin	47.5	25.6	26.6	28.0
Net margin	12.6	16.6	18.3	19.3
ROA	1.0	1.6	1.9	2.0
ROE	1.8	3.1	3.6	3.8
Growth				
Turnover	4.2	35.7	5.7	1.1
Net profit (adj.)	(44.6)	78.2	16.7	6.3
Leverage				
Debt to total capital	44.5	50.3	49.7	49.1
Debt to equity	79.6	100.4	98.1	95.7
Net debt/(cash) to equity	69.5	85.8	85.4	83.5
Interest cover (x)	4.1	2.8	2.8	3.0

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